SUBJECT INDEX

INDEX OF AUTHORITIES

STATUTES AND RULES

TREATISES AND OTHER

BLANK

PAGE

In the Supreme Court of the United States

October Term, 1966

No. 214

The Fleischmann Distilling Corporation, a corporation, and James Buchanan & Company, Limited,

Petitioners,

vs.

Maier Brewing Company, a corporation, and Ralphs Grocery Company, a corporation,

Respondents.

Petitioners' Reply Brief

On Writ of Certiorari to the United States' Court of Appeals for the Ninth Circuit

---

Respondents' brief adds little to the opinion of the court below, which said all that can be said in support of its holding, and which we respectfully submit we have answered in our opening brief.[1] Indeed, much of respondents' brief seems to be an effort

1. Respondents' Brief is hereafter referred to as "Resp. Br.". Petitioners' Brief will be referred to as our opening brief or "O.B.".

to suggest that the decision holding them guilty of trademark infringement and violation of the Lanham Act was erroneous, and it consists of condensed repetitions of arguments rejected in the first opinion of the Court of Appeals (314 F.2d 149) or presented in the petition for certiorari which this Court denied in 1963, 374 U. S. 830.[2] We touch on some extreme examples later in this brief (pp. 13-16, infra) but otherwise pass these matters by without correction or answer, because they have all been merged in the adjudication that the respondents not only infringed but acted fraudulently and in bad faith in doing so. That is the law of this case.

We reply to respondents as nearly as possible in the order of the discussion of our opening brief.

I. The uniform course of decision is against the Court below (O.B. 17-23); that course of decision exercises the historic power of federal courts of equity to award attorney's fees in appropriate circumstances (O.B. 28-36), whether under the rubric of costs or of compensation (O.B. 40, 41).

Our opening brief (O.B. 17-23) cited 9 decisions in trademark cases and 2 in other unfair competition cases, from 6 of the 11 Courts of Appeals, as well as several district court decisions, all upholding the power to award attorneys' fees to the successful party, either as costs or compensation in equity for loss inflicted. We stated that in *every* reported case in the federal courts where the issue had arisen the power to award attorney's fees to a

2. There can be no other relevance to assertions and arguments such as that the record does not show interstate or foreign commerce (Resp. Br. 2, fn. 1), that California statutes forbid competition between the parties (Resp. Br. 3, fn. 3), that "Black & White" had once been used by another brewer (Resp. Br. 5) and had been used on many products (Resp. Br. 6), that apart from the name Maier did not simulate other features belonging to Buchanan (Resp. Br. 6), that one Baumgartner gave certain testimony (Resp. Br. 7, fn. 6), that the Ninth Circuit on the first appeal substituted its findings for those of the District Court (Resp. Br. 8), or that Buchanan's use of "Black & White" on whisky entitled it to no protection against use on other alcoholic beverages (Resp. Br. 14).

successful plaintiff has been upheld until the present case. Respondents' answer is to ridicule this as "gross misstatement" (Resp. Br. 12) and "patent hyperbole" (Resp. Br. 17), because no one can know what happened in "every case" (Resp. Br. [illegible]). One can know what has happened in the reported cases, and what we referred to was every case "so far as revealed in reported opinions" (O.B. 17). That statement is not only exact and correct, but respondents *do not cite a single case*, whether with reported opinion or not, to the contrary.

Our opening brief was dated December 6, 1966. On December 19, 1966, the Seventh Circuit in *Hulburt Oil & Grease Company v. Hulburt Oil & Grease Company*, 152 U.S.P.Q. 87, 91, upheld an "award of damages measured by the attorneys' fees and costs incurred by plaintiff in prosecuting this case." It held that defendant's appropriation of plaintiff's name in circumstances likely to cause confusion was unfair competition, and the award was justified because defendant's action was "intentional, vexatious and fraudulent", citing as sound law *Wolfe v. National Lead Co.*, 272 F.2d 867 (9 Cir. 1959), *National Van Lines v. Dean*, 237 F.2d 867 (9 Cir. 1956) and *Aladdin Mfg. v. Mantle Lamp Co. of America*, 117 F.2d 708 (7 Cir. 1941),[3] three of the cases cited by us.

In addition to the trademark and unfair competition cases our opening brief cited *Sprague v. Ticonic National Bank*, 307 U. S. 161 (1931), and *Vaughan v. Atkinson*, 369 U.S. 527, on the fundamental basis of a court's power. Respondent's sole reference to *Sprague* is to try to dismiss it as involving a common fund

3. Among other modes of trying to escape these holdings, respondents argue that under California statutes California courts cannot allow counsel fees in unfair competition cases (Resp. Br. 12, 28). The court below was not prepared so to hold (See R. 101, 114), and an inquiry into the power of California state courts would be a digression. No state statute or state practice can cut down the powers granted to federal courts of equity by the Judiciary Act of 1789 (1 Stat. 73). And the rationale of the federal decisions upholding the power in unfair competition cases upholds it in that subspecies of unfair competition called trademark infringement.

(Resp. Br. 12), but our opening brief showed that this is an invalid effort (O.B. 29, et seq.). Respondents would escape *Vaughan v. Atkinson* as being in admiralty and not in equity (Resp. Br. 11, 24). This, too, is a vain distinction. While *Vaughan* was in admiralty, it cited the principle that a court in equity has power to award counsel fees in cases not involving a fund. Equity derives from the Roman law, 1 Pomeroy's Equity Jurisprudence (5th ed.) §§ 2, 5, pp. 3, 7. "Civil law" and "Roman law" are "convertible phrases, meaning the same system of jurisprudence" as distinguished from the common law of England, Black's Law Dictionary (4th ed.) p. 312. The Civil Law, not the Common Law, was the source and model for admiralty, 4 Benedict on Admiralty (6th ed.) § 671, p. 358; 1 Benedict, § 8, p. 9. Thus admiralty practice is the kin of equity practice, and in *Vaughan* this Court said (369 U. S. at 530):

> "Equity is no stranger in admiralty; admiralty courts are, indeed, authorized to grant equitable relief."

Respondents would also distinguish *Vaughan* as a case where the award was upheld as compensation for loss inflicted, not *qua* costs. This is true, and our opening brief so stated (O.B. 40), pointing out that it is of no moment under what designation counsel fees are awarded.

Trademark litigation is a kind of litigation peculiarly warranting exercise of the historic equity power to award fees (O.B. 23-27).

In our discussion of the subject of this caption, our opening brief stated: "As often as not in trademark litigation—probably more often than not—a defendant will be larger and wealthier, arrogantly seeking to utilize its deeper pocket to drown the plaintiff in the expenses of litigation and thereby to purloin his good will and business." (O.B. 25.) Our brief did not compare the wealth of the parties in this individual case, because general principles—particularly questions of a court's power—should rest

on general considerations and not on a comparison of the wealth of the parties in a particular situation. As said in *Bruce's Juices v. American Can Co.*, 330 U.S. 743, 753, "To decide issues of law on the size of the person who gets advantage or claims disadvantage is treacherous." Respondents' brief, however, answers with an attempt to compare the wealth of petitioners and of respondents (Resp. Br. 21). Not only are its assertions concerning petitioners wholly without any support in the record, but respondents choose poor ground on which to throw down the gage. The detailed statistics set forth in the District Court's opinion in the famous *Von's Grocery* case, *United States v. Von's Grocery Co.*, 233 F.Supp. 975 (S. D. Cal. 1964) show that respondent Ralphs Grocery is a veritable giant of a corporation. Respondent Maier, although smaller, is a multi-million dollar corporation, as revealed in *Efron v. Kalmanowitz*, 226 C.A.2d 546, 38 Cal. Rptr. 148. While petitioners are substantial firms, it is evident that respondents felt that they could capitalize on the distant location of the trademark owner, Buchanan, in England, as evidenced by their attack on Fleischmann's right to sue, thus compelling Buchanan itself to intervene (See O.B. 6).

The Federal rule for which we contend (O.B. 15, 16).

In a number of instances respondents' brief quotes passages from our brief so pruned as to state something other than what we said and then denounces the pruned version in unmodulated terms. Thus respondents (Resp. Br. 12) describe our position as urging adoption of the English rule and quote us as stating that ". . . English practice shows the propriety of the award here." Our statement was that "*Contrast with* English practice shows the propriety of the award here" (O.B. 10). This was amplified at O.B. 15, 16, where we said that "Attorney's fees are taxed customarily in all kinds of litigation in England. No such broad practice exists in this country or is urged by us." (And see O.B. 34, last para.)

II. This suit was one in equity, not an action at law.

One of the stranger aspects of respondents' brief is the assertion that a suit under the Lanham Act is not in equity but at law (Resp. Br. 23, 24, 26). This is a contention the court below was too knowledgeable to adopt.

Since trademark infringement is a civil wrong not arising from contract, it may be called a "tort", but that casts no light on the nature of an infringement suit. A trademark infringement *can* be the subject of an action at law for damages. But the "usual remedy is an action for equitable relief, and an injunction is the usual relief granted", Restatement of the Law of Torts, § 744, Comment a.[4] Moreover, trademark law "has been evolved mainly in the equity courts", Simpson, Fifty Years of American Equity, 50 Harv. Law Review 171, 184 (1936):

> "With the growth of national advertising, the protection of trademarks and trade names and the prevention of so-called 'unfair competition' have become of increasing importance to business men. The law in this field is of relatively modern development, has been evolved mainly in the equity courts, and is still in a state of active growth. * * * The effort of American equity has been to enforce reasonable ethical standards of fair dealing in the competitive struggle—to restrain business torts just as it enforces business contracts;

---

4. Restatement, § 744:

"a. *Equitable relief the usual form of relief.* In some other branches of the law of torts, the usual remedy against a wrongdoer is an action for damages in which a money judgment is sought. But against one who is liable to another for the use of the unfair trade practices stated in this Chapter, the usual remedy is an action for equitable relief, and an injunction is the usual relief granted. Such an unfair trade practice is ordinarily not a single event but a continuous course of business conduct and the person harmed by this conduct is subjected to continuing, and often increasing, harm. He is generally more concerned, therefore, to prevent further harm than to secure compensation for past harm. Frequently the harm may not be reparable by an action for damages because of the difficulty of computing the amount of the loss or of establishing the causal connection between the loss and the wrongful conduct."

it has erred if at all by allowing technical obstacles to stand in the way of relief in too many cases."

"Most unfair competition-trademark cases are brought in equity. Those at law are rare". 2 Nims, Unfair Competition and Trade-Marks (4th ed.) § 419, p. 1327.

Contrary to respondents' assertion "put dogmatically" (Resp. Br. 13) that "equity is but a system of remedies", equity consists (1) not only of rules conferring remedies unknown to law, but also of (2) a mass of rules creating substantive rights and obligations not found in law; obvious examples of the second group are rules concerning trusts and the obligations of fiduciaries. 1 Pomeroy's Equity Jurisprudence (5th ed.) § 97, p. 125[5] The injunction is, of course, an equitable remedy. The right to receive the infringer's profits—which is different from an award for damages inflicted on the plaintiff—seems to be more an equitable right than an equitable remedy; in any event it is a *creature of equity and wholly unknown to law.* Restatement of the Law of Torts, § 747, Comment b; 2 Nims, Unfair Competition and Trade-marks (4th ed) § 419, pp. 1327-1329; also cases cited O.B. 41. Equity regards the infringer as a trustee who has wrongfully appropriated trust property, the fruits of which belong to the equitable owner. In American law the right to those profits is not a substitute for damages but an additional right created by equity and cognizable by it alone. *Leman v. Krentler-Arnold Co.*, 284 U.S. 448, 456 (1932), *Hamilton-Brown Shoe Co., v. Wolf Bros.*, 240 U.S. 251, 259 (1916).

---

5. "§ 97. *Equitable Rights as Both Primary and Remedial.* Equity . . . consists in fact of two parts, two different kinds of rules and rights. *First,* it contains a mass of rules which create primary rights and duties—entirely irrespective of the remedies—which are different from the corresponding rules, rights, and duties, with respect to the same subject-matter, contained in and enforced by the law. *Secondly,* it contains another mass of rules defining and conferring a variety of special remedies and remedial rights, both of which are to a very great extent unknown to the law. These remedies and rights to them are peculiarly 'equitable', in contradistinction to those of the law, and irrespective of any difference in the primary rights for the violation of which they are granted."

In the present case the remedy at law of "damages" was neither sought nor obtained by petitioners. There is *not a word* about damages in the body of the complaint, no allegation of damage suffered, not one reference in the 22 numbered paragraphs either to the subject of damages or to the word (R. 1-6). The only reference to damages is in a "boilerplate" phrase in one of the five prayers. The first prayer is for an injunction, the second for an order requiring destruction of infringing containers, the third for an accounting of profits—all equitable relief. The fifth is the stock prayer for general relief. The fourth, the thrust of which is the request for attorney's fees and litigation expenses, contains the reference to "damages" (R. 7). A prayer is no part of a complaint, it has often been said, both in code pleading and under the Federal Rules of Civil Procedure.[6] The rationale of this statement is that the facts *pleaded and proved,* not the prayer, determine what relief one receives. *Blazer v. Block,* 196 F.2d 139 (10 Cir. 1952); 2 Moore's Federal Practice (2nd ed.) § 8.18, p. 1803. In view of the slighter role now assigned to the complaint in federal practice, it may or may not be that, despite total absence of any allegation of fact in the body of the complaint about damages, the reference in the prayer would have entitled petitioners at the trial to proffer evidence on the subject. But that question is not involved in this case, for at the very outset of the trial petitioners informed the court that they were not seeking damages. (See R. 26).[7]

6. e.g., *County of Riverside v. Butcher,* 133 Cal. 324, 327; 65 Pac. 745; *Schoonover v. Schoonover,* 172 F.2d 526, 530 (10 Cir. 1949).

7. The passage, which is partially quoted in Resp. Br. 8, fn. 7, reads thus (R. 26):

> "Counsel * * * files a petition for rehearing and says there should be no accounting because the plantiffs said before Judge Harris that it had no evidence of damage.
>
> "Well, of course, my partner, Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales. But the Court of Appeals replied to that and said damage is a different question entirely under the law [from the right to accounting of profits.]; * * *."

The order of denial of the petition for rehearing, here referred to, is quoted in full in Appendix A to "Brief for Respondents in Opposition" in

Thus no issue triable *at law* was either presented in the complaint or tried. The case proceeded strictly in equity.

Respondents cite *Dairy Queen, Inc. v. Wood,* 369 U.S. 469 as holding that "Lanham Act cases are at law". (Resp. Br. 23-26.) *Dairy Queen* held no such thing; it had to do with another question entirely. F.R.C.P. Rule 2 effected for federal practice what Code pleading had done long before, the creation of a single form of action in which both legal and equitable claims could be asserted and both legal and equitable remedies obtained. What *Dairy Queen* did was to emphasize that this union in one proceeding of legal and equitable matters was not to deprive any party of his constitutional right to a jury trial of whatever legal issues were actually presented and tried. But *Dairy Queen* did not hold that the peculiarly equitable aspects of trademark cases had thereby been transmuted into an action at law. The disappearance of separate courts of law and of equity and of separate systems of procedure has not abolished the difference between the jurisdiction in law and that in equity. *Stainback v. Mo Hock Ke Lok Po,* 336 U.S. 368, 382, fn.26 (1949); *Black v. Boyd,* 248 F.2d 156 (6 Cir. 1957).[8] Just as the union of action

---

this Court in *Maier Brewing Company, et al. v. The Fleischmann Distilling Corp., et al.,* No. 1067, October Term 1962, and contained the following:

"Upon petition for rehearing appellees complain about the fact that our opinion refers to the possibility of accounting upon remand of the cause. It is asserted that 'in the trial court appellants' witnesses did not claim any damage, and on appeal appellants seemingly assured this Court that damages were not sought: Appellants' Opening Brief, page 62.'

"The complaint in this case prayed for an accounting to the plaintiff by defendants 'of profits from the manufacturing, bottling, canning, distributing or selling of alcoholic beverages labeled or named with the words "Black & White".'

"The above quoted statement as to why there is no issue of accounting is manifestly wrong. As disclosed by Title 15 USC § 1117, a recovery, on an accounting, is not limited to damages sustained but may include a defendant's profits * * *."

8. So also Simpson, Fifty Years of American Equity, 50 Harv. Law Rev. 171, 181, 248 (1936); W. S. Holdsworth, Blackstone's Treatment of Equity, 43 Harv. Law Rev. 1, 28 (1929).

and procedure cannot detract from the right to a jury trial of issues at law, it cannot subtract from the power of the court in its equitable jurisdiction.[9]

Dairy Queen was a suit upon alleged breach of a trademark license agreement and could be construed either as an action on the contract to recover the agreed royalty or damages for infringement (379 U.S. at 476). These money claims presented purely legal issues, and plaintiff did not lose the right to a jury trial of *these* issues because he also sought an injunction. While the complaint there used the term "accounting" to characterize the money claims, substance and not choice of words controlled (Id. at 477), and what was sought was an ascertainment of the unpaid balance of an agreed amount and of damages. As we have seen (p. 7, supra), this is quite different from an award of profits, which is purely equitable in origin and quite unknown to law.[10]

III. The Lanham Act does not abrogate the historic power in Trademark Cases; on the contrary, it affirms it (O.B. 36).

We have submitted that the absence of an express provision in the Lanham Act for counsel fees is of no significance. The statement of this Court in *Trustees v. Greenough*, 105 U.S. 527, 536 (1881) about the Fee Bill of 1853 that it "contains nothing which can be fairly construed to deprive the Court of Chancery of its long established control over the costs and charges of the litigation, to be exercised as equity and justice may require" is wholly applicable here.

---

9. The "difference in substance in federal judicial power between law and equity is embedded in the Constitution" [Art. III], *Commercial National Bank in Shreveport v. Parsons*, 144 F.2d 231, 241 (5 Cir. 1944), cert. den. 323 U.S. 796 (1945), just as surely as is the right to a jury trial of issues at law [seventh amendment].

10. Moreover, the attorney's fees awarded in this case were for services rendered entirely before the accounting of respondents' profits took place (R. 28 at 31, 64). As respondents themselves observe (Resp. Br. 28), "the accounting issues herein were not even *sub judice* when the order under review was made * * *." (also Resp. Br. 3).

The opinion of the court below contained a passing mention in a footnote (R. 105, n. 6) that proposals to amend the Lanham Act to provide in express words for counsel fees were not enacted, but the court then wisely observed that this "is the weakest kind of legislative history. We do not rely on it." (R. 105.) Respondents, however, would make a point of it (Resp. Br. 19). The proposals were part of over-all amendments, no part of which received any attention in the House. Non-enactment, particularly where there is non-consideration, cannot subtract a power already present. *Order of Conductors v. Swan,* 329 U.S. 520, 529 (1947).[11] *Federal Trade Commission v. Dean Foods Co.,* 384 U.S. 597 held that the fact that the Federal Trade Commission had unsuccessfully sought certain "authority from the Eighty-fourth through the Eighty-ninth Congress" (p. 608) had no relevance at all to the issue whether the authority already existed (pp. 609-611). What motivated the particular proposals or why the bills as a whole received no attention nowhere appears. If enacted the bills would have conferred greater power than already possessed by permitting an award of counsel fees in actions purely at law.

In submitting that the contrast posed by the court below between the Lanham Act and the Patent Law and Copyright Act is a false one, we discussed the nature of the trademark right (O.B. 37-39). In their answer to this discussion, respondents make statements about "monopoly" (Resp. Br. 14, 15) that ignore the meat of what we said (O.B. 38-39). Their references simply recognize that a trademark, like any other fact or act lawful in itself, may become part of over-all conduct that violates antitrust law; that is about as remote from any issue in the case as can be imagined. Then respondents conclude their

---

11. "It does not appear whether the bills died because they were thought to be unnecessary or undesirable. No hearings were held; no committee reports were made. Under the circumstances, the failure of Congress to amend the statute is without meaning for purposes of statutory construction." (329 U.S. at 529)

remarks by stating that Buchanan has "power to fix prices at all levels under California statute." (Resp. Br. 15.) Unless this is an irrelevance, it is an unjust innuendo. California statute compels a producer of liquor to establish a price below which retailers may not sell his brand. But Buchanan has no power thereunder to fix the price of any product but its own whisky; it has no power over the price of the product of anyone else, even one infringing its trademark.

IV. The District Court acted well within its discretion in deciding to award attorney's fees (O.B. 41-44).

We submitted that, once the power of a District Court to allow attorney's fees in trademark cases in proper circumstances is recognized as existing, the District Court did not abuse its discretion here (O.B. 42). Respondents' answer is merely that a federal court utterly lacks power (Resp. Br. 29, 30). Of course, the question of power must first be decided. But once power is upheld, the judgment of the District Court should be affirmed. In another connection respondents cite *Farmer v. Arabian American Oil Company*, 379 U.S. 227. That was not only an action at law but it did not relate to counsel fees. It dealt with costs of transcripts and expenses of bringing witnesses from abroad. If relevant, it is because of its recognition of a trial court's discretion in awarding costs (p. 232).

It merits noting again that the case comes before this Court on the concurrent finding of both courts below, summed up by the District Court in these words (R. 29):

> "Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product.

Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

It is in the face of this finding that respondents assert bland innocence (Resp. Br. 34) and to this end stud their brief with some singular assertions. For example, they assert (Resp. Br. 14, n. 1) that it is "*res judicata* that respondents did not use Buchanan's registered mark, as such, at all." The very reverse is *res judicata* (R. 29; see also first opinion of the Court of Appeals, 314 F.2d 149; App. to O.B. at 2 and 12).

Again, respondents assert that it was "admitted" and "adjudicated" that no actual confusion of Buchanan's and Maier's products took place (Resp. Br. 6). As supporting the supposed "admission", reference is made to the testimony of Baumgartner, but the Court of Appeals held that it was not an admission of Buchanan (314 F.2d at 159). Nor was there any such adjudication. The Court of Appeals simply held that evidence of confusion was unnecessary,[12] and the first decision of the District Court was superseded.

12. Respondents also denominate as a concession of no confusion and no damage the statement of counsel referred to in fn. 7 above (Resp. Br. 3, 8). It was no concession. *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203, 207 and the cases cited in O.B. 41 show that the reason why evidence of actual confusion is not required of the "despoiled" in a trademark case is that this kind of evidence is hard to come by, "often as not impossible" to find. The passage from Restatement of the Law of Torts, § 744, Comment a, quoted above, shows the same thing. "The trade pirate", says Nims, understands this difficulty on the part of his victim. 2 Nims, Unfair Competition and Trade-Marks (4th ed.) § 419, p. 1325.

Respondents (Resp. Br. 11, fn. 8) even denominate as "clear error" the finding that their use of the name "Black & White" was made without seeking legal advice. That finding was made by the Court of Appeals on the first appeal (App. O.B. 9), and it entered into that Court's conclusion that a finding of "good faith" was "clearly erroneous". This is the law of the case and may not be assailed now. Moreover, it was supported by testimony at the trial of Kalmanovitz, Maier's head, which is partially quoted in the first opinion of the Court of Appeals (App. O.B. 8, fn. 7).[13] The District Court was not required to credit inconsistent testimony of Kalmanovitz given at the later hearing after remand and designed to mend his grip. The court had the opportunity to scrutinize Mr. Kalmanovitz on the wit-

---

13. There was much more evidence at the trial, which was part of the record before the Court of Appeals on the first appeal. Some of it was in deposition form and was not printed in the record now before this Court because the issue is behind us. We think it appropriate, however, to call attention to some of it in response to the assertion that findings were in "clear error". In our brief before the Court of Appeals on the first appeal we quoted testimony of one Molner, a beer distributor, as follows:

> "I said, 'I am not too happy with the Back and White name.' I said, 'I would prefer another brand, if you have it available for me.'
>
> "And they said no, that they didn't, that they were making the Black and White beer and I could have that one. So I told Mr. Kalmanovitz and Mr. Wassem [sic] that at that time I didn't think I would want to get involved in any litigation on account of the name; that I told them that at the time, that as they knew, the name belonged to a Scotch company and their Black and White Scotch and I didn't feel that I wanted to be involved in any lawsuits.
>
> "Mr. Kalmanovitz told me at that time not to worry, that if anything developed in the line of a lawsuit that he would defend myself and Ralphs Grocery Company, if they accepted the label.
>
> "I said, 'I want you to understand this, Paul—' referring to Mr. Kalmanovitz, I said, 'Any responsibility is yours and I don't understand why you persist in taking the name of Black and White when there are so many other names that you could choose from where there won't be any difficulty.'
>
> "So he says, 'My friend, the reason we are taking this name is because half our battle will be over as far as customer acceptance is assured by the use of a well known brand that is already established on the market, and consequently I feel that is—' that is Mr. Kalmanovitz speaking now. He said, 'I feel we are taking a calculated

ness stand. The bald fact is that Maier consulted no attorney until requested to cease use of the name.

It is no answer to quote at length, as respondents do, the testimony of Mr. Mellin, the attorney who tried the case for them. At O.B. 43 we submitted that "it is obvious that Maier consulted *this* counsel only after suit was filed," as the District Court was warranted in concluding. Purporting to quote our statement, respondents place the quotation mark to the right of where the word "this" should appear, omit that word entirely, and attribute to us the statement that "respondents consulted 'counsel only after suit was filed' ". Then they purport to contradict us by pointing to the evidence about Mr. Gilford, and charge us with "irresponsibility in factual matters"! Mr. Gilford was consulted after the request to cease infringement, and the evidence supports the conclusion that Mr. Gilford changed his initial view after consideration (O.B. 5).

Evidence such as that referred to above more than sustained the conclusion of the Court of Appeals on the first appeal that respondents acted *in bad faith* and disposes of respondents' submission (p. 34, also 20) that their delicts "present a case as bland as any to be found in the books".

---

risk on them not suing us.' And he said, 'you shouldn't be concerned at all because we will take full responsibility in any litigation that might develop.'

* * *

"A. Well, after I received my first or second shipment I was in his office and I saw he had another can called L. & M. and I said, 'Paul', I said, 'I see you are building yourself up, it looks like you are building yourself up for a lot of court trials.' I said, 'At first you got Black and White, now you have got L. & M.' I said, 'What is next on the program?'

"Mr. Mellin: What does L. & M. designate?

"The Witness: L. & M. cigarettes. I said 'I don't know what you are up to next, but I tell you, Paul, you are on the wrong track copying these names of well known products that are being sold on the market.' I said, 'All I can see in the future is trouble.'

"He said, 'Well, that is my affair.' He said, 'I will take my chances and whoever wants to sue me, I will just sue them back.' " (Deposition of Molner, pp. 5, 6, 10, 11)

Another singular assertion by respondents is that petitioners failed to show any obligation to pay fees to their counsel (Resp. Br. 28). From the fact of rendition of the services arose an obligation to pay the reasonable value on a *quantum meruit*, and that is precisely the measure of the award the District Court applied (R. 31). Respondents even say (Resp. Br. 28) that petitioners paid nothing to their counsel, and that those counsel were on a contingency arrangement. These statements are the product of unfettered imagination, without a syllable of support in the record.

In the presence of statements such as those commented on above, it is strange astigmatism that leads respondents to accuse us of misstatements of fact and to scatter epithets like "patent inaccuracies" (Resp. Br. 5) and "irresponsibility in factual matters" (Resp. Br. 30). The epithets are frequent, but any specification of alleged inaccuracies is rare. Our Opening Brief supported every factual statement by reference to the record or to decisions, and those references will judge the charge.[14]

---

14. For example, Resp. Br. 10 accuses of "misrepresentation" that respondents "did not fully conform to the injunction and related directions of the District Court." What we said (O.B. 8) was that Maier continued to ship beer under the Black & White label for seven weeks after the decision of the Court of Appeals and two weeks after denial of the petition for rehearing, and that Ralphs was still selling beer under this label nearly three months after the decision of the Court of Appeals. The record supports that statement exactly (R. 33, 34).

In other instances respondents do not correctly quote us (see p. 5, supra). In others they put forced constructions on sentences from our "Summary of the Argument" when a mere reference to the less compressed statement of the same matter in the Argument itself would have shown the distortion to be without excuse.

CONCLUSION

The key question is one of power of a District Court to award attorney's fees and litigation expenses. We respectfully submit that the District Court had that power. Once that power be sustained, we submit that it follows that the circumstances more than warranted its exercise, that the District Court did not abuse its discretion in making the award, that the judgment of the Court of Appeals should be reversed and the cause remanded to the District Court to proceed to entry and enforcement of the final judgment accordingly.

Dated: San Francisco, California, February 2, 1967.

MOSES LASKY
Attorney for Petitioners